

Alphabet Inc.

Quarterly Consolidated Statements of Income

(In millions, except per share amounts; unaudited)

	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18
Revenues	\$ 20,257	\$ 21,500	\$ 22,451	\$ 26,064	\$ 24,750	\$ 26,010	\$ 27,772	\$ 32,323	\$ 31,146	\$ 32,657	\$ 33,740
Costs and expenses:											
Cost of revenues	7,648	8,130	8,699	10,661	9,795	10,373	11,148	14,267	13,467	13,883	14,281
Research and development	3,367	3,363	3,596	3,622	3,942	4,172	4,205	4,306	5,039	5,114	5,232
Sales and marketing	2,387	2,415	2,565	3,118	2,644	2,897	3,042	4,310	3,604	3,780	3,849
General and administrative	1,513	1,624	1,824	2,024	1,801	1,700	1,595	1,776	2,035	2,002	2,068
European Commission fines	—	—	—	—	—	2,736	—	—	—	5,071	—
Total costs and expenses	14,915	15,532	16,684	19,425	18,182	21,878	19,990	24,659	24,145	29,850	25,430
Income from operations	5,342	5,968	5,767	6,639	6,568	4,132	7,782	7,664	7,001	2,807	8,310
Other income (expense), net	(213)	151	278	218	251	245	197	354	3,542	1,408	1,773
Income before income taxes	5,129	6,119	6,045	6,857	6,819	4,377	7,979	8,018	10,543	4,215	10,083
Provision for income taxes	922	1,242	984	1,524	1,393	853	1,247	11,038	1,142	1,020	891
Net income (loss)	\$ 4,207	\$ 4,877	\$ 5,061	\$ 5,333	\$ 5,426	\$ 3,524	\$ 6,732	\$ (3,020)	\$ 9,401	\$ 3,195	\$ 9,192
Basic net income (loss) per share of Class A and B common stock and Class C capital stock	\$ 6.12	\$ 7.11	\$ 7.36	\$ 7.73	\$ 7.85	\$ 5.09	\$ 9.71	\$ (4.35)	\$ 13.53	\$ 4.60	\$ 13.21
Diluted net income (loss) per share of Class A and B common stock and Class C capital stock	\$ 6.02	\$ 7.00	\$ 7.25	\$ 7.56	\$ 7.73	\$ 5.01	\$ 9.57	\$ (4.35)	\$ 13.33	\$ 4.54	\$ 13.06

Alphabet Inc.
Quarterly Consolidated Balance Sheets

(In millions, except share amounts which are reflected in thousands and par value; unaudited)

	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18
Assets											
Current assets:											
Cash and cash equivalents	\$ 15,111	\$ 13,627	\$ 9,406	\$ 12,918	\$ 18,132	\$ 15,711	\$ 10,581	\$ 10,715	\$ 12,658	\$ 14,148	\$ 13,443
Marketable securities	60,153	64,833	73,650	73,415	74,307	79,002	89,562	91,156	90,227	88,106	92,973
Total cash, cash equivalents, and marketable securities (including securities loaned)	75,264	78,460	83,056	86,333	92,439	94,713	100,143	101,871	102,885	102,254	106,416
Accounts receivable, net of allowance	10,818	11,686	11,979	14,137	12,913	14,003	15,295	18,336	16,777	17,043	17,897
Receivable under reverse repurchase agreements	350	500	—	—	—	—	—	—	—	—	—
Income taxes receivable, net	1,804	576	416	95	56	874	282	369	37	201	170
Inventory	374	263	559	268	280	398	765	749	636	698	1,212
Other current assets	2,345	2,753	2,536	4,575	3,106	2,398	2,860	2,983	3,426	3,961	4,007
Total current assets	90,955	94,238	98,546	105,408	108,794	112,386	119,345	124,308	123,761	124,157	129,702
Non-marketable investments	5,577	5,820	5,705	5,878	6,131	6,642	7,269	7,813	10,976	11,487	12,673
Deferred income taxes	233	253	273	383	365	376	505	680	678	685	682
Property and equipment, net	30,162	31,413	32,753	34,234	35,936	37,676	40,120	42,383	48,845	51,672	55,300
Intangible assets, net	3,657	3,452	3,367	3,307	3,137	2,933	2,883	2,692	2,809	2,662	2,448
Goodwill	15,866	15,841	16,028	16,468	16,547	16,604	16,731	16,747	17,862	17,895	17,895
Other non-current assets	3,297	3,275	3,276	1,819	1,846	2,004	2,683	2,672	2,004	3,052	2,838
Total assets	\$ 149,747	\$ 154,292	\$ 159,948	\$ 167,497	\$ 172,756	\$ 178,621	\$ 189,536	\$ 197,295	\$ 206,935	\$ 211,610	\$ 221,538
Liabilities and Stockholders' Equity											
Current liabilities:											
Accounts payable	\$ 1,667	\$ 1,716	\$ 2,175	\$ 2,041	\$ 2,306	\$ 2,488	\$ 2,674	\$ 3,137	\$ 3,526	\$ 3,369	\$ 3,789
Short-term debt	3,221	2,219	—	—	—	—	—	—	1,329	—	—
Accrued compensation and benefits	2,618	3,409	3,672	3,976	2,673	3,271	4,022	4,581	3,812	4,642	5,946
Accrued expenses and other current liabilities	4,517	4,502	4,840	6,144	5,438	8,560	9,307	10,177	10,065	15,261	15,936
Accrued revenue share	2,227	2,345	2,542	2,942	2,888	3,007	3,200	3,975	3,723	3,728	3,878
Securities lending payable	2,171	2,065	—	—	—	—	—	—	—	—	—
Deferred revenue	933	900	923	1,099	1,148	1,226	1,269	1,432	1,596	1,714	1,752
Income taxes payable, net	330	185	171	554	803	133	221	881	1,343	1,189	—
Total current liabilities	17,684	17,341	14,323	16,756	15,256	18,685	20,693	24,183	25,394	29,903	31,301
Long-term debt	1,987	1,984	3,938	3,935	3,937	3,955	3,964	3,969	3,973	3,981	3,986
Deferred revenue, non-current	131	151	169	202	323	345	346	340	315	358	317
Income taxes payable, non-current	3,812	4,135	4,461	4,677	4,924	4,128	4,358	12,812	12,885	11,652	11,562
Deferred income taxes	599	651	393	226	604	369	151	430	394	479	1,318
Other long-term liabilities	1,965	2,151	2,561	2,665	2,763	2,853	2,924	3,059	3,149	3,237	3,214
Total liabilities	26,178	26,413	25,845	28,461	27,807	30,335	32,436	44,793	46,110	49,610	51,698
Stockholders' equity:											
Convertible preferred stock, \$0.001 par value per share, 100,000 shares authorized; no shares issued and outstanding	—	—	—	—	—	—	—	—	—	—	—
Class A and Class B common stock, and Class C capital stock and additional paid-in capital, \$0.001 par value per share	33,695	34,293	35,337	36,307	37,698	38,509	39,609	40,247	41,487	42,243	43,111
Accumulated other comprehensive income (loss)	(1,294)	(1,151)	(1,032)	(2,402)	(2,169)	(1,728)	(746)	(992)	(670)	(1,525)	(1,676)
Retained earnings	91,168	94,737	99,798	105,131	109,420	111,505	118,237	113,247	120,008	121,282	128,405
Total stockholders' equity	123,569	127,879	134,103	139,036	144,949	148,286	157,100	152,502	160,825	162,000	169,840
Total liabilities and stockholders' equity	\$ 149,747	\$ 154,292	\$ 159,948	\$ 167,497	\$ 172,756	\$ 178,621	\$ 189,536	\$ 197,295	\$ 206,935	\$ 211,610	\$ 221,538

Alphabet Inc.

Quarterly Consolidated Statements of Cash Flows

(In millions; unaudited)

	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18	Q2'18	Q3'18
Operating activities											
Net income (loss)	\$ 4,207	\$ 4,877	\$ 5,061	\$ 5,333	\$ 5,426	\$ 3,524	\$ 6,732	\$ (3,020)	\$ 9,401	\$ 3,195	\$ 9,192
Adjustments:											
Depreciation and impairment of property and equipment	1,155	1,271	1,377	1,464	1,287	1,424	1,561	1,831	1,791	1,862	2,138
Amortization and impairment of intangible assets	216	219	219	223	216	201	200	195	195	252	217
Stock-based compensation expense	1,494	1,503	1,860	1,846	2,009	2,003	1,820	1,847	2,457	2,413	2,230
Deferred income taxes	414	(50)	(245)	(157)	613	(75)	(296)	16	(18)	(139)	880
(Gain) loss on debt and equity securities, net	175	(29)	(151)	78	19	3	45	(30)	(2,992)	(1,068)	(1,353)
Other	169	70	87	50	57	39	96	102	(257)	137	38
Changes in assets and liabilities, net of effects of acquisitions:											
Accounts receivable	818	(835)	(282)	(2,279)	1,267	(836)	(1,150)	(3,049)	1,700	(312)	(670)
Income taxes, net	271	1,409	473	972	510	(2,289)	914	9,076	782	(1,438)	(1,235)
Other assets	185	(24)	(47)	198	(128)	(326)	(1,632)	(78)	(241)	(515)	(484)
Accounts payable	(269)	48	459	(128)	103	16	(61)	673	122	(145)	316
Accrued expenses and other liabilities	(1,064)	593	809	1,177	(1,868)	3,555	1,434	1,770	(1,142)	5,742	1,857
Accrued revenue share	(131)	83	186	455	(74)	80	176	773	(286)	(17)	107
Deferred revenue	18	(15)	39	181	111	84	33	162	130	165	(23)
Net cash provided by operating activities	7,658	9,120	9,845	9,413	9,548	7,403	9,872	10,268	11,642	10,132	13,210
Investing activities											
Purchases of property and equipment	(2,444)	(2,136)	(2,554)	(3,078)	(2,508)	(2,831)	(3,538)	(4,307)	(7,299)	(5,477)	(5,282)
Proceeds from disposals of property and equipment	16	13	197	14	41	13	27	18	30	19	20
Purchases of marketable securities	(20,748)	(24,840)	(25,371)	(13,550)	(20,119)	(19,557)	(39,033)	(13,486)	(8,849)	(14,192)	(14,299)
Maturities and sales of marketable securities	17,443	20,346	16,590	12,516	19,362	14,876	28,350	11,371	9,351	16,172	9,403
Purchases of non-marketable investments	(363)	(318)	(181)	(247)	(354)	(340)	(177)	(874)	(327)	(405)	(386)
Maturities and sales of non-marketable investments	42	56	91	305	78	40	97	318	498	693	154
Cash collateral related to securities lending	(257)	(106)	(2,065)	—	—	—	—	—	—	—	—
Investments in reverse repurchase agreements	100	(150)	500	—	—	—	—	—	—	—	—
Acquisitions, net of cash acquired, and purchases of intangible assets	(34)	(38)	(252)	(662)	(101)	(42)	(130)	(14)	(1,250)	(184)	(18)
Proceeds from collection of notes receivable	—	—	—	—	750	669	—	—	—	—	—
Net cash used in investing activities	(6,245)	(7,173)	(13,045)	(4,702)	(2,851)	(7,172)	(14,404)	(6,974)	(7,846)	(3,374)	(10,408)
Financing activities											
Net payments related to stock-based award activities	(807)	(803)	(815)	(879)	(1,009)	(1,084)	(1,018)	(1,055)	(1,158)	(1,541)	(1,253)
Repurchases of capital stock	(2,098)	(1,595)	—	—	(1,127)	(1,618)	—	(2,101)	(2,173)	(2,052)	(2,200)
Proceeds from issuance of debt, net of costs	3,956	1,797	2,976	—	—	—	2,698	1,593	4,691	1,545	530
Repayments of debt	(3,962)	(2,839)	(3,250)	(13)	(18)	(38)	(2,706)	(1,615)	(3,378)	(2,889)	(555)
Proceeds from sale of subsidiary shares	—	—	—	—	480	—	320	—	—	—	—
Net cash used in financing activities	(2,911)	(3,440)	(1,089)	(892)	(1,674)	(2,740)	(706)	(3,178)	(2,018)	(4,937)	(3,478)
Effect of exchange rate changes on cash and cash equivalents	60	9	68	(307)	191	88	108	18	165	(331)	(29)
Net increase (decrease) in cash and cash equivalents	(1,438)	(1,484)	(4,221)	3,512	5,214	(2,421)	(5,130)	134	1,943	1,490	(705)
Cash and cash equivalents at beginning of period	16,549	15,111	13,627	9,406	12,918	18,132	15,711	10,581	10,715	12,658	14,148
Cash and cash equivalents at end of period	\$ 15,111	\$ 13,627	\$ 9,406	\$ 12,918	\$ 18,132	\$ 15,711	\$ 10,581	\$ 10,715	\$ 12,658	\$ 14,148	\$ 13,443